>

Title: Need to extend financial facilities to new cooperative sugar factories at par with old sugar factories in Maharashtra.

SHRI SADASHIVRAO DADOBA MANDLIK (KOLHAPUR): There are 582 installed Sugar Factories in the country including 317 factories in cooperative sector. The cooperative sugar sector enables the small and marginal farmers to set up an industry for production of an essential item of mass consumption. The share of cooperatives in National Sugar production works out to be more than 46%. In this connection, it may be pointed out that sugar factories established and functioning before 1999, were able to avail financial facilities given as per the Sampat Committee and the Mahajan Committee Reports. However, the sugar factories established after 1999, could not avail these facilities. As a result, the new sugar factories are under severe financial burden and some of them could not start even crushing. This is more true in case of cooperative Sugar Factories in Maharashtra where 139 cooperative sugar factories, out of total 204 sugar factories, are functioning.

The new sugar factories in the State are working under severe handicap and it has become difficult to compete with old established sugar factories. In this connection, it would not be out of place to mention that the government instead of helping ailing sugar factories issued income tax notices w.e.f. 1988, on the main assumption that the rate paid to the farmers above the statutory Minimum Price is the income of the factories. Keeping in view the fact that the member farmers are the real owners of these factories and it did not constitute their income, I would request to consider the plight of new factories and compensate them to make them competitive with the old well established sugar factories.

In this connection, I strongly suggest that a new committee be constituted by the Ministry of Consumer Affairs, Food and Public Distribution on the lines of earlier Committees which may be empowered to suggest tax and excise concessions for new sugar factories established after 1999 in particular. Further, the Ministry of Finance may consider to amend the present Income Tax Rules and the sugar factories in cooperative sector may be excluded from the present ambit of Income Tax.